

HUMAN RIGHTS AND ENVIRONMENTAL OPERATIONS INFORMATION ON THE ROYAL DUTCH/SHELL GROUP OF COMPANIES

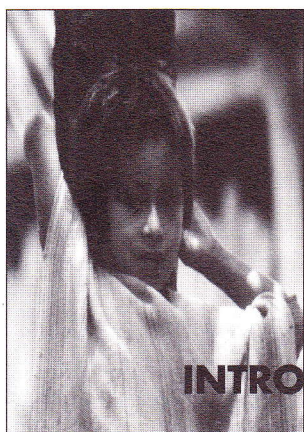
1996-1997



Independent Annual Report

"the company's dirty war
against the people will
also be punished..."





INTRODUCTION

"We are judged by how we act"

—C. A. J. Herkstroter

Chairman of the Committee of Managing Directors
Royal Dutch / Shell Group of Companies - March, 1997

Forty years ago Shell discovered oil in Nigeria. Last year, Shell entered Peru with plans to stay for the next forty. Four decades of Shell operations in the Niger Delta have left the region an environmental wasteland; many local people have been killed, tortured and rendered homeless for demanding their rights. Shell's record profits have come at the high price of human life and dignity. In Peru, local communities fear a repeat of Shell's ecological disaster and human rights violations seen in Nigeria. Word of Shell's *modus operandi* has spread across the Atlantic. Will Shell-Nigeria today be Shell-Peru tomorrow?

Shell says not. In fact, the company has sent each shareholder its new "Statement of General Business Principles" which promise the highest standards for operations worldwide. These principles and volumes of accompanying information are meant to assure supporters and critics alike that Shell is improving its operations. Nigeria will be cleaned up; Peru will never be harmed. The commitments are commendable, but they are meaningless if not enforced. As this report shows, there are real reasons to doubt Shell's sincerity.

This Independent Annual Report is the product of extensive research and recent field missions to Nigeria and Peru by the authors. Its findings are significant. In Nigeria, new environmental samples reveal shocking levels of hydrocarbons in drinking water and hint at the full extent of oil pollution in the Delta. Testimony and observation reveal a continuing trend of denial and obfuscation over Shell's complicity in past and present human rights abuses in the Delta. If these trends continue, the recent

hostage taking at Warri is only a harbinger of things to come. In Peru, Shell has promised respect, consultation, and the highest environmental standards. This report documents how each one of those promises has been broken in less than a year. Is it the particular social, economic and political factors in these countries that explain these situations - or is it something in the corporate culture of the Royal Dutch / Shell Group of Companies?

The peoples of the Niger Delta have doubted Shell's sincerity for many years, and with good reason. In 1990, the Ogoni, a tiny minority of just a half a percent of the Nigerian population decided they had endured too much. They formed the Movement for the Survival of the Ogoni People (MOSOP), drafted the Ogoni Bill of Rights, and presented it to the Nigerian government. Substantively the Ogoni—and other peoples of the Niger Delta—demand what all of us take for granted: rights to representation, religious freedom, and the right to protect the environment in which they live their lives. Hearing only silence in response to their cries, they took their case to a wider audience—the international community and the oil companies that fuel Nigeria's murderous regime. Their rising success in communicating their message internationally was only equalled by their mounting suffering at home.

On January 4, 1993 Ken Saro-Wiwa addressed 300,000 Ogoni and declared Shell "persona non grata". "We are going to fight peacefully, nonviolently, and we shall win" he said. Two and a half years later, in his final statement to the military tribunal that convicted him in a sham trial, Saro-Wiwa noted that "whether peaceful ways

avored will prevail depends on what the oppressor decides, what signals it sends out to the waiting public." Eleven days later he was dead, resting beside the over 2,000 of his people killed since 1993. The signal had been sent.

One of Shell's first responses to MOSOP's campaign was to insinuate that it was a violent separatist movement. Although absolutely no independent evidence of this claim exists, the impression persists in the minds of some due to Shell International's prolific public relations offices. For these boys on the banks of the Thames, the stated commitment to Health, Safety, and the Environment (HSE) is interpreted as Harm, Spin, and Equivocate.

"The mistake we made in Nigeria was that we became the government" maintains a representative of Shell Peru. The Ijaws, who two months ago held 127 Shell staff hostage at Warri certainly see the situation that way. Shell's problems in the Delta are growing as other communities give vent to decades of inequity, double standards, and disgrace. No, Shell is not technically the government in Nigeria. But they are hardly an innocent bystander unfairly targeted. Niger Delta peoples look at Shell and see an institution which funds fully half of their country and which enjoys the favor and support of the military regime that oppresses them. A few more hospitals and cassava seedlings is not going to change that.

Nigeria is not Peru. Fujimori is not Abacha. The Peruvian Constitution contains many important guarantees that would undoubtedly be deemed subversive in Nigeria. Peru's democracy is fragile though, and the last thing that is needed at this stage is a company that promises roses and delivers ruin. In November of 1996, an Ogoni man visited the Peruvian Amazon to share his experiences with the new tenant on Machiguenga land. Indigenous Peruvians are watching, and in less than a year, they have reason for concern.

South American peoples are not unfamiliar with the dangers of oil development. Texaco in Ecuador, BP in Columbia and Occidental in both countries have left lasting and negative impressions in the region. The last time Shell made an appearance in Peru, scores of indigenous Nahua people died from exposure to outside viruses. Shell says they're taking precautions this time, but once again,

their emphasis seems to be on spin, rather than safety.

Examining Shell's operations in Nigeria and Peru reveals the gap between public relations statements and the statements of those who live with Shell every day. Concerning one of Shell's oldest operations and one of its most recent, these two projects offer important insights into the on-the-ground realities behind the "New Shell" rhetoric.

Business principles and commitments to human rights and environmental protection are welcome steps. But talk is cheap. Shareholders at this year's Annual Meeting have a unique opportunity to pass a resolution establishing internal and external review processes of the Group's environmental and human rights policies. The resolution is unlikely to pass because of the unanimous recommendation of Shell's Directors that it be rejected. "The content and monitoring of environmental and corporate responsibility policies are the responsibility of the directors." argue the executives in a response to the resolution. "Accordingly, your directors take the view that the resolution is unnecessary".

The authors of this report agree that the implementation of these policies are the responsibility of the Group's Directors. That implementation has been sadly lacking to date—and shows no signs of improving in the near term. The Shell parent companies are currently being sued in the United States for their crimes in Nigeria. The charges include summary execution, torture, wrongful death, and crimes against humanity. One way or another, the Group's Directors will be held accountable.

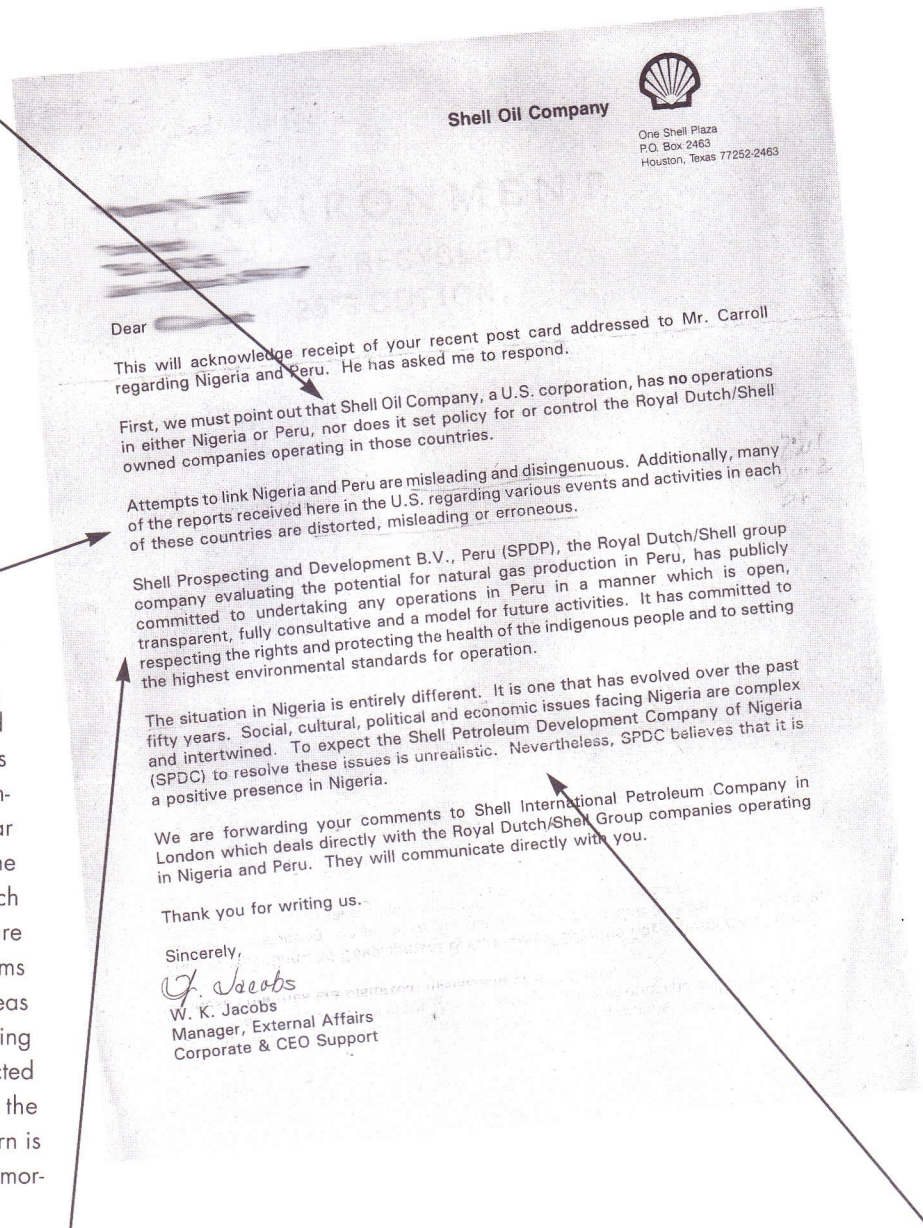
Ken Saro-Wiwa, Brent Spar, climate change, chemicals in Costa Rica, the Martinez refinery and the Nahua. All speak volumes to the urgent need for corporate accountability. Shell executives have missed the point of the Ogoni struggle and of their continuing troubles in Nigeria. Whether ten dollars or ten million is spent on environmental cleanup and community relations is irrelevant as long as justice is not served. Gifts of hospitals are not reparations for forty years of neglect. A long overdue replacement of pipelines does not serve to restore a devastated environment. Rights, whether human or environmental, are not bought, they are ensured. Shell's continuing emphasis on public relations rather than reconciliation ensures only that these rights will continue to be violated.

Shell has been sending out the letter reprinted below to thousands of people. It is a classic example of Shell's corporate propaganda:

Shell-Peru, Shell-Nigeria and Shell Oil (USA) are all members of the Royal/Dutch Shell Group of Companies. No one has claimed that Shell Oil controls the Group - only that they have influence and input into Group policies and implementation. If transnational corporations such as Shell are to be held fully accountable, their actions must be judged on a global scale.

The same parent, Royal/Dutch Shell, owns Shell-Nigeria and Shell-Peru, and policies for the Group affect operations in both Nigeria and Peru. Many conditions of Shell's operations are similar in both countries - Shell's project is the largest single foreign investment in each country, both hydrocarbon projects are located in fragile tropical ecosystems inhabited by native peoples. Both areas have recently or are still experiencing extended periods of violence inflicted upon indigenous communities in the region of Shell operations. The concern is that Nigeria today could be Peru tomorrow.

Shell has failed to provide local indigenous communities with full environmental information about its operation. Shell began operations on indigenous lands without full community consultation. Moreover, the company will soon start to drill in a reserve set aside for the protection of nomadic, uncontacted peoples. Shell has left open the option to build roads into this remote rainforest area and will dump drilling wastes into the Amazon environment. Neither of these operating practices rank among top environmental standards.



Shell Nigeria never told the Niger Delta peoples about the environmental impact that its operations would have, never consulted the local peoples and has operated in a manner that has devastated the environment. Shell Nigeria has not operated to internationally acceptable environmental standards for the past forty years. Furthermore, Shell has intentionally turned communities against each other, paid and provided logistical support and arms for the Nigerian military, and bribed witnesses to testify against environmental activists. No one expects Shell to solve all of Nigeria's problems - just stop contributing to them.



NIGERIA: STILL SHELL-SHOCKED

"We are not interested in bribes, gifts, or petty payments from Shell - we are interested in justice"
Ogoni leader in Port Harcourt, April 1997¹

In April of 1997 every shareholder of Shell received a glossy "Nigeria Brief" in the mail along with their annual report. The pamphlet focuses on Shell Nigeria's "commitment to minimizing the impact of its operations on the environment" and the "direct support" that Shell offers to communities in the Niger Delta. It proudly claims that the company spent \$36 million on communities and \$120 million on the environment in 1996. Anyone reading this would probably be reassured that Shell was finally doing the right thing in Nigeria. In short, they would have been fooled.

Since November 10, 1995 - the day Ken Saro-Wiwa and eight other Ogoni were hanged - the major change in Shell's operations in Nigeria has been

rhetorical. Pipelines still crisscross communities, and promised replacement is visibly behind schedule.² Spills still occur with a frequency that would be unheard of in Europe or the United States. Levels of hydrocarbon pollution in the water and soil of the Delta are still hundreds of times higher than standards in Europe. Outside of Ogoni, farmers still tend their fields as gas flares tower over them.

More disturbingly, human rights abuses in the Delta are ongoing with at best the company's tacit support and at worst, under its direction. Today, Ogoni is a militarized zone, and MOSOP is an underground organization. The military is omnipresent throughout the entire Niger Delta. Freedoms of assembly, speech, and non-violent protest are virtually unknown. Lost in Shell's pub-

lic relations material is the reality of Shell's role in Nigeria today. Shell supplies fully half of the income to a brutal regime bent on suppressing dissent. It is not surprising then that communities with legitimate grievances would target Shell facilities - as is ongoing in Warri. It becomes even less surprising as the full extent of Shell's collusion with Nigeria's military becomes clear.

Shell's operations in Nigeria are perhaps the most scrutinized, yet least transparent, ever for an oil company. This report summarizes key environmental and human rights critiques, and presents new information on the matters of environmental devastation, community manipulation, activist coercion, and Shell Police.

Environmental Impacts

"Shell has waged an ecological war in Ogoni since 1958. An ecological war is highly lethal, the more so as it is unconventional. It is omniscidal in its effect. Human life, flora, fauna, the air, fall at its feet, and finally, the land itself dies...Generally it is supported by all the traditional instruments ancillary to warfare - propaganda, money, and deceit. Victory is assessed by profits, and in this sense, Shell's victory in Ogoni has been total".

—Ken Saro-Wiwa³

Over the last 39 years Shell has extracted an estimated \$30 billion worth of oil from Ogoni, an area that produces just 3 percent of Nigerian oil. The rest of the Niger Delta, which produces 72 percent of Nigeria's oil, has undoubtedly rewarded Shell's shareholders even more. Despite these staggering profits, there is no debate over the fact that Shell's environmental operating standards in Nigeria have been shockingly low. Rather than face these criticisms though, Shell Managing Directors and Public Relations staff have engaged in a systematic campaign of misinformation.

The Niger Delta is one of the world's largest wetlands, covering over 20,000 square kms. It is comprised of coastal barrier islands, mangroves, freshwater swamp forests and lowland rainforests. The Delta is mostly contained within the modern Nigerian states of Rivers, Delta, and the newly formed Bayelsa.

Shell public relations material often blames environmental and social problems on "overpopulation". Population in the Delta currently stands at about 7 million, a figure which has increased four fold since 1958.⁴ Oil development has led to much of the population increase in the Delta. According to the World Bank: "Since large scale oil development started in the 1960's, immigration has been very high, as people have been drawn to the

region with the hope of direct or indirect employment in oil related activities".⁵ Most of these hopes have been in vain, because oil generates only 1.3 percent of total modern sector employment in Nigeria.⁶ Shell admits that "unfortunately, one of the results of clearing a path for flowlines and pipelines has been to open up areas for settlement, attracting people towards our facilities."⁷ It should also be noted that it is precisely this kind of indirect effect of oil extraction that is most feared by residents of the Peruvian Amazon.

Nearly forty years of oil production has devastated the Delta environment. Shell officials take particular offense over the use of the term "devastation", even going so far as to declare that "the Delta is not and never will be an area devastated by the industry".⁸ As evidence to back this claim up, Shell materials claim that "On the ground it is possible to drive for miles without a single indication that this (Ogoni) is a huge oil region".⁹ This statement



A woman tends her crops while a gas flare roars less than 30 meters behind her

implies that visual pollution rather than toxicity is the major threat posed by oil activity. This is either shockingly naive or intentionally deceptive. The document also suggests that the best way for observers to make up their own minds is to "fly over the region".¹⁰ This of course, is what Shell has done in countless helicopter tours arranged for the visiting press.

In mid-April of 1997, a small team of local and international observers passed through dozens of military checkpoints to conduct water and soil sampling activities at several locations throughout the Delta, including in Ogoni. Full results will be published in a separate document, but two measurements are presented here.

Luawii in Ogoni appears from the air and in a car - to be a happy and healthy place. A short walk down a hill from the village brings one to the stream where these Ogoni drink, bathe, and play. On one bank of the stream a very light oily sheen is visible, but the water looks cool and clear. Unfortunately, total petroleum hydrocarbons in the stream tested at 18 parts per million¹¹ (ppm), which is 360 times higher than levels allowed in the European Community¹² - Shell's home. Because Luawii is in Ogoni, there has supposedly been no Shell activity for the past 4 years anywhere near here. Oil pollution is persistent - that is, it stays in an ecosystem for decades if not properly cleaned.

Ukpeleide is an Ikwerre community, west of Port Harcourt. On the morning of April 16, 1997, an underground pipeline had just burst - an occurrence that did not seem to strike the villagers as out of the ordinary. As crude bubbled from the ground one could hear the pipeline rumbling. Levels of hydrocarbons in this community's drinking water were found to be 680 times higher than EC standards.¹³

Crude oil contains thousands of different chemical compounds - many of them toxic - including benzene, toluene, xylene, and polycyclic aromatic hydrocar-

bons (PAH's). Both PAH's and benzene are known to be carcinogenic, and no safe threshold has been determined for human exposure.¹⁴

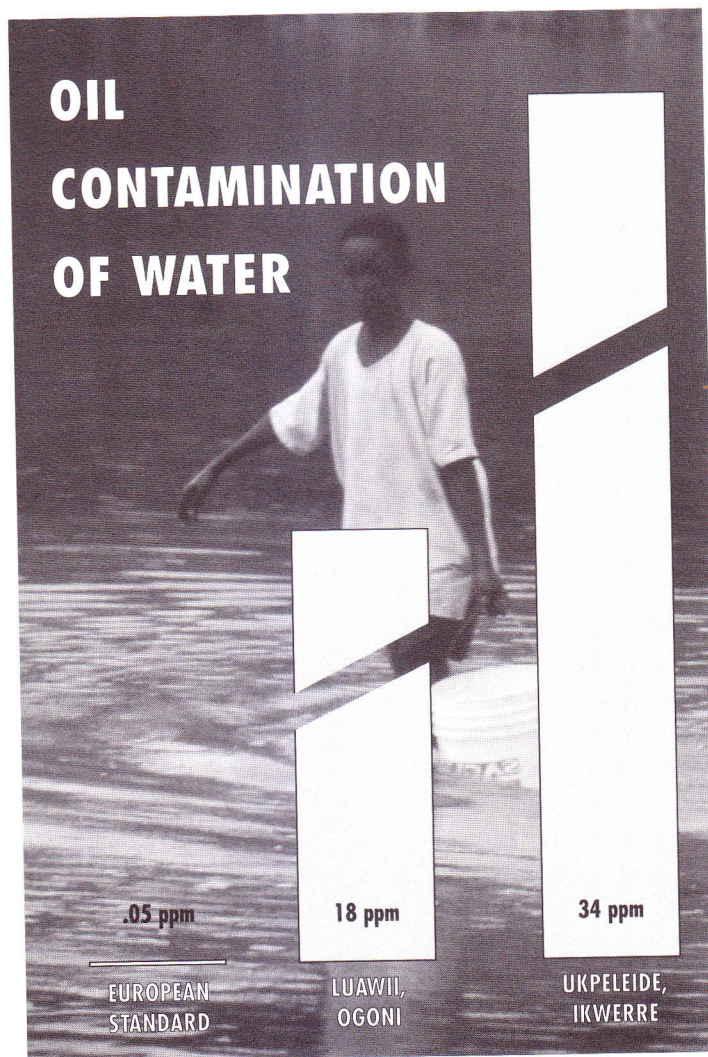
The levels observed in the Delta are capable of causing direct lethal effects to a variety of aquatic species. Crustacea, fish eggs, benthic invertebrates and fish larvae are the most sensitive and are likely to be the most severely impacted.¹⁵

Shell will undoubtedly respond to these revelations by pointing to sabotage as the primary cause of spills in Ogoni, and a major cause throughout the Delta. This is also a classic example of Shell propaganda. Shell has repeatedly made the claim that approximately 60 percent of the spills in Ogoni and 25 percent in Nigeria overall were caused by sabotage. Last year Friends of the Earth - UK challenged Shell's claim that "over 60 percent of oil spills were caused by sabotage, usually linked to claims of compensation" with the British Advertising Standards Authority (ASA). The ASA ruled against Shell noting that:

"[Shell] provided information from their Nigerian company (SPDC) that they believe showed that 17 of the 24 spills since SPDC staff were withdrawn from the Ogoni area in 1993 were caused by sabotage. The Authority noted the information described incidents that could have been sabotage but did not substantiate this. *The authority considered the Advertisers had not given enough information to support the claim and asked for it not to be repeated*"¹⁶ (author's emphasis).

This ruling was handed down in July of 1996, but Shell's claim of sabotage can still be found in circulation on their web page and in various printed materials.

According to Shell "many of the richest fields lie in the area of the largest mangrove forest in Africa".¹⁷ Mangroves are some of the most biologically rich and diverse ecosystems on the planet. They are also among the most vulnerable to oil pol-



Sampling for hydrocarbons in drinking water gives scientific evidence of Shell's double standards.

lution. In 1986, an oil storage tank ruptured on the coast of Panama—another tropical mangrove ecosystem—just a few miles from a marine laboratory. Scientists were able to compare baseline environmental data from the mangrove area to the observed effect of the spill. Their report, released in 1993 by the Smithsonian Tropical Research Institute for the U. S. Department of the Interior termed the spill's effects "catastrophic", leading to a "recapitulating ecological chain reaction". The mangroves became "like a giant oil soaked sponge", leading to a "chronic oil spill" every time the rainy season arrived. Dr. Jeremy B.C. Jackson, the chief scientist on the project said that the oil industry "should avoid like the plague areas that act like giant sponges for material and release it back into the environment."¹⁸

There are approximately 7,000 square km of mangroves in Rivers and Bayelsa States, which contain 349 drilling sites, 700 km of flowlines, 400km of pipelines, 22 flowstations, and 1 terminal.¹⁹ According to a European Community study, the waters of the Niger Delta contain levels of petroleum ranging from 8ppm to 60 ppm. As described above, these levels are hazardous to both aquatic and human life.²⁰

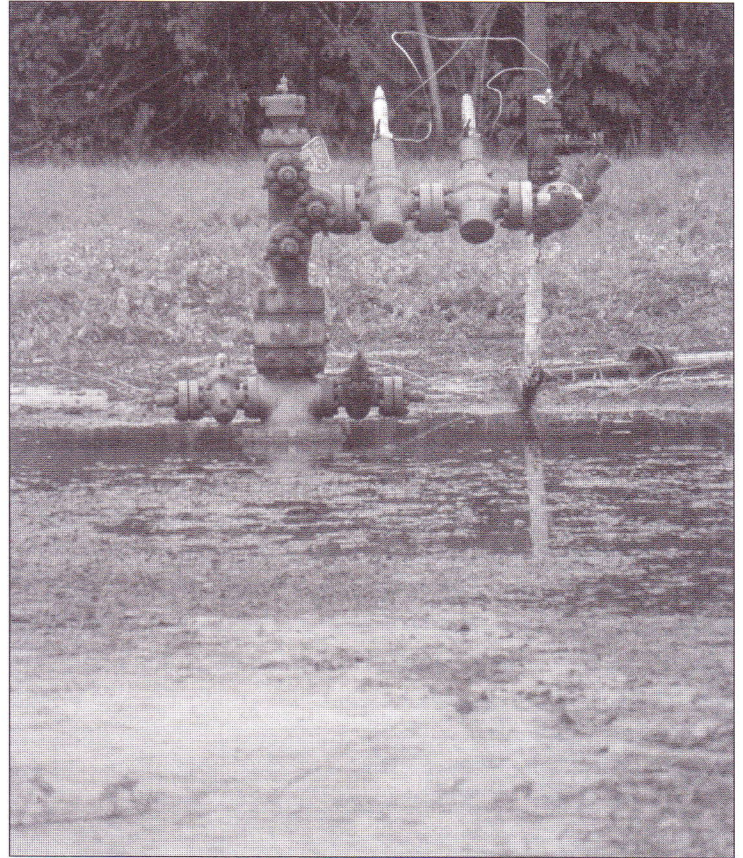
Communities have long demanded the conduct of an independent environmental assessment. Shell's answer to this has been the Niger Delta Environmental Survey (NDES). NDES is funded by Shell and has no community representation on its steering committee. This is not what is meant by *independent* assessment.

Human Rights

"We in the prisons here are calling on all of you - shareholders of Shell - to divest your shares in Shell and by so doing divest your shares in our suffering"

— "Letter to those who profit from Shell from those who suffer for Shell", April, 1997²¹

Transnational corporations operating at appallingly low environmental standards in developing countries are sadly nothing new. The Movement for the Survival of Ogoni People (MOSOP) was formed in response to these kinds of double standards, in hopes that greater autonomy for the Ogoni would lead to greater ability to prevent the environmental destruction around them. For years, MOSOP and other Delta residents have alleged that Shell's role in the Delta extends far beyond simple environmental destruction - up to and including the funding and direction of Nigerian military units to attack villages and silence protestors. This section examines those claims and



A well near Shell's Kolo Creek flowstation is surrounded by a thick pool of crude. This sight is common throughout the Delta.

reveals a disturbing pattern of half-truths, lies, and misinformation coming from Shell on these matters.

Community Manipulation and Division

"Royalties and payments to Chiefs in the Delta represent a great danger. They encourage a feudal system which benefits nobody. Money alone is no guarantee for development"

—John Adeleke of the World Trade Centre of Nigeria²²

National and international observers have long claimed that Shell's practice of payments is deliberately divisive. These payments come in the form of the awarding of contracts, or simply gifts, to local government chairmen and traditional chiefs in communities. In Ogoni, MOSOP leaders estimate that 90 percent of Shell's minor contracts are given to local government chairmen and/or pro-government chiefs.²³ These payments have reportedly increased markedly over the last three years. Shell's offers of money and gifts are quite effective at undermining community resolve for justice and compensation.

At one spill site observers were told by the local chief that it would not be possible to visit it at this time. When

asked why, the Chief responded that he had "just accepted a contract from Shell" to erect a fence around the site. Shell has still not agreed to cleanup the site, but the awarding of the fence contract was enough to persuade this local chief to stop allowing access to his lands. "I have to feed my family" the Chief said. If Shell's spills had not first destroyed his land, this might be less of a concern.²⁴

Paul Adams, *Financial Times* correspondent for Nigeria notes that the practice of paying chiefs "has caused a great deal of damage, has corrupted chiefs and divided entire communities".²⁵

These issues have come into particular focus in Ogoni, as Shell is preparing to resume production there. The most extreme examples of community manipulation are covered under a separate section (see Attempted Coercion of Activists). Shell has publicly maintained that they will not return to Ogoni unless invited, and that they will not operate behind a "security shield". However, throughout the rest of the Delta its operations are still currently backed up by the heavy presence of armed police officers and the threat of rapid response to any crisis by the military.

On October 17, 1996, the Nigerian daily, the *Guardian*, disclosed Shell's "Ogoni Re-Entry Plan" which was estimated to cost \$39 million and was reportedly approved after a meeting between Shell and the military.

SHELL'S EVOLVING POSITION ON PAYMENTS TO THE MILITARY

14 January 1995:

"We categorically deny that we paid money to the likes of Okuntimo"

17 December 1995:

"We categorically refute that any form of input was ever provided to the military; neither would we do so if approached on such a matter"

6 November 1996:

"We have paid the military, but only on two occasions, one of which was to go and look for a fire engine. We did pay Lt. Col. Okuntimo field allowances on that occasion but it was only enough for about two meals a day"

21 December 1996:

"The company has made no secret of the fact that it was required, once in 1993, to pay field allowances, that is meal allowances, to a Nigerian Army unit"

The first stage of the plan would reportedly focus on cleanup and community assistance. Shell officials deny the existence of such a plan and the reported meeting.

Shell does admit though that they are talking to various different parties in Ogoni. On April 3rd 1997 a meeting was held between 36 Ogoni and company representatives at Shell's Eastern Division Headquarters in Port Harcourt. The meeting was chaired by Chief Alex Akinyele (a Yoruba), Chairman of the National Reconciliation Committee (NARECOM), which is a body formed by the Nigerian government to "resolve" the Ogoni crisis. The meeting had no MOSOP representation, and reportedly ignored all issues contained in the Ogoni Bill of Rights, MOSOP's founding document. Substantively, it focused on gifts of electricity, scholarships, potable water, and health centres. Afterwards, Akinyele issued a statement saying that all present had called on Shell to resume its operations in Ogoni and that "the Ogoni crisis is over". Sitting next to a representative of Shell, Akinyele claimed his victory on television that night.²⁶ MOSOP quickly denounced NARECOM supposed "solution".

Ledum Mitee, the Acting President of MOSOP articulates their position as "we cannot negotiate with guns pointed at us".²⁷ It is worth noting that although Akinyele declared the Ogoni crisis over, there were no visible signs of support for his position among the public in Ogoni. In comparison, at its height, MOSOP attracted demonstrations of over 300,000 people. MOSOP remains the most representative and democratic organization of Ogoni, despite being forced to go underground. Shell will clearly need to deal with MOSOP in any potential solution to the Ogoni crisis.

Divisive community tactics are further covered in the section on Existence and Structure of Shell Police.

Payments to the Military

Aside from the fact that Shell provides Nigeria's military dictatorship with almost half of its annual income, observers, and members of the international and Nigerian press have long claimed that the company has directly paid for military operations designed to suppress dissent in the Delta. Dr. Claude Ake, a prominent Nigerian academic had called for an independent investigation into the "reports accusing Shell of giving money to some state officials in the oil producing communities to conduct punitive security operations".²⁸ Ake and 141 others were killed in November of 1996 when the 727 on which they were travelling exploded in mid-air. The crash has never been explained and journalists were kept away from the crash site for weeks by the military.

Shell now admits to two instances of payments to the military but disputes the claim that these soldiers were paid or directed to suppress dissent.²⁹ At the least, this admission means that at the height of international criticism and scrutiny of Shell's role in Nigeria (immediately following the executions), Shell officials lied to the public and shareholders about the company's relationship with the Nigerian military (See Box).

Collusion with the Military to Suppress Dissent

MOSOP leaders and other activists throughout the Delta frequently refer to the "evil alliance" between Shell and the Nigerian military. Shell denies any and all allegations of this nature. At least five separate documents and accounts (and many of the other points in this report) point to the existence of a coordinated effort between Shell and the military to suppress dissent. They are:

- 22nd February 1993 - Internal Shell Briefing paper urging coordination between Shell Nigeria and Shell International Public Affairs "to ensure that movements of key players [are] monitored to avoid unpleasant surprises".
- 21st April 1994 - Operation Order 4/94 for the Nigerian Police lays out coordinated strategy between Nigerian Army, Air Force, Navy, and Police to, in part, ensure that those carrying out "business ventures" within Ogoni are "not molested". Twenty days later the following memo was written.
- 12th May 1994 - Rivers State Internal Security Task Force memo authored by Major Paul Okuntimo states that "Shell operations still impossible unless ruthless military operations are undertaken for smooth economic activities to commence" This memo was written 9 days before military occupation in Ogoni began in earnest and 10 days before Saro-Wiwa was arrested.
- 16th March 1995 - Meeting held in London between senior officials of Shell International and the Nigerian High Commission. The meeting discussed how to deal with the international criticism of Shell's Nigerian operations.
- July 1995 - Rivers State Internal Security Task Force soldiers raid the MOSOP offices in Port Harcourt. Shell officials have stated that they are in possession of documents confiscated during that raid.³⁴

Bribing of Witnesses at Saro-Wiwa's Trial

Two witnesses for the prosecution at the trial of Ken Saro-Wiwa and others, Charles Danwi and Nayone Akpa, subsequently signed sworn affidavits indicating that they were bribed by Shell and the Nigerian government to testify against Saro-Wiwa. Michael Birnbaum, the British

lawyer who revealed the affidavits, notes that they suggest that "others have been bribed as well".³⁵ Shell flatly denies these accusations, despite their confirmation by an independent source.

Acquisition of weapons

In December of 1995 Humanitex Nigeria Limited, an arms dealer, sued Shell for \$1.2 million over breach of contract.³⁶ Shell's immediate response to the Ogoni crisis in 1993 had been to upgrade their weapons, but they ended up cancelling that particular contract due to cost concerns.³⁷ Shell has admitted to purchasing 107 Beretta pistols 15 years ago. Shell maintains that these guns are owned and maintained by the 1,474 Nigerian police officers assigned to them and they maintain that these 107 weapons are the only weapons available to these police. Shell says that the Police work in shifts of 500 men spread out over 100 sites.³⁸ (See Existence of Shell Police)

Local and international observers interviewed four former Shell Police staff members in April of 1997. All of them testified to the existence of three separate Shell armories - at Bonny, Warri, and Port Harcourt. Shell admits that weapons assigned to the Nigerian Police that protect them are stored in "armouries" that are "located within the police stations or offices attached to the relevant Shell premises". The men we interviewed further maintain that the armories contain not only Beretta pistols, but also "pump action shotguns, automatic rifles, and revolvers". (See Existence and Structure of Shell Police)³⁹

Shell says that it maintains strict inventories of all ammunition and that "it would immediately be known if any ammunition had gone missing".⁴⁰ Police Constable #3, who was in the "Intelligence Unit, Port Harcourt", maintained that there was "no account of bullets". The others maintained that bullets "are recorded, but Shell has more bullets than are on record".⁴¹

Logistical support for military

After multiple denials, Shell now admits that "members of the security forces have accompanied Shell personnel in SPDC helicopters and boats at various times".⁴² In response to claims that this confirms Shell's support for military operations designed to suppress dissent, Shell is adamant that their assistance was not "in pursuit of an alliance of the sort alleged".⁴³ MOSOP and other activists throughout the Delta describe numerous incidents in which Shell helicopters and boats were used to ferry military troops for attacks.

Shell does admit to providing transport for security forces on two occasions that involved loss of Ogoni life. The company maintains that they were merely protecting their interests and unconnected to the military activity.⁴⁴

Existence and Structure of Shell Police

"Shell Police replied that nothing can make us free from their hand, and that even if they forgive others, they cannot forgive the indigenes of Bomu and Dere communities because they are the causes of the hindrances to their operations in Ogoniland"

—A Detail Report of Our Arrest and Torture
By Shell Staff...written by two of the Ogoni 19,
21st September 1996.⁴⁵

Shell Police are an elite detachment of Nigerian police who are paid by and take orders from Shell. They are

used to guard installations, divide communities, and suppress peaceful protest.

On this most recent mission, the first time that observers tried to take a photograph of a Shell installation in Nigeria (Shell Industrial Area - Port Harcourt), they were immediately confronted with a man in street clothes claiming to be "Shell Police". After being satisfied that the observers were not a threat, he produced an identification card showing a picture of him in a Nigerian police uniform on the left, with Shell's familiar logo and his identity information on the right.

The ID card alone is consistent with Shell's description of the police assigned to them. Shell says that "security for SPDC's personnel and at SPDC's offices, residential quarters, and installations is provided by members of the Nigerian Police Force. The policemen concerned are specifically assigned to SPDC for the sole purpose of carrying out such guard duties...SPDC meets the costs of the wages of the police who are assigned to it and who perform such guard duties".⁴⁶

However, this incident provided important independent confirmation of one of the more surprising revelations of the interviews with former Shell Police - namely that Shell Police sometimes operate in plainclothes on undercover operations. According to these sources, the Shell Police are divided into "four units".

1. "Operations (OPS)" - "general dutymen" whose main function is to "provide security" to Shell installations. "Sometimes they wear uniforms, sometimes not".

SHELL'S SHIFTING STATEMENTS

<u>CHARGE AGAINST SHELL</u>	<u>INITIAL SHELL RESPONSE</u>	<u>CURRENT SHELL RESPONSE</u>	<u>INDEPENDENT APPRAISAL</u>
Environmental Devastation	Denial	Qualified Admission	Confirmed
Community Manipulation and Division	Denial	Qualified Admission	Confirmed
Payments to the Military	Denial	Qualified Admission	Limited Confirmation
Collusion with the Military to Suppress Dissent	Denial	Denial	Limited Confirmation
Bribing of witnesses at Saro-Wiwa's trial	Denial	Denial	Confirmed
Acquisition of Weapons	No Mention	Qualified Admission	Limited Confirmation
Logistical Support for Military	Denial	Qualified Denial	Limited Confirmation
Existence of Shell Police	Qualified Admission	Qualified Admission	Confirmed
Attempted Coercion of Activists	Denial	Qualified Denial	Confirmed

2. Administration - administrative support staff .
3. Intelligence and Investigations - The role of this unit is reportedly to investigate community claims relating to compensation for spilled oil. Shell Police assigned to this unit "wear no uniforms".
4. Dog and Arms Section - This refers to the armories themselves. Dogs are reportedly kept in pounds next to the armories and are often used to "frighten protesters". Small armories are reportedly located in Bonny and Warri, with a large central one in Port Harcourt, Shell Eastern Division Headquarters. These sections are "well guarded".⁴⁷ (See Acquisition of Weapons)

All four testified to the following benefits of being Shell Police: free medical service, free accommodation if needed, free lunch, free transportation, and "lump sum" payments. These "lump sum" payments are at least twice the official rate of pay.⁴⁸

Police Constable #2 said that in the case of a spill, Shell would give him "service money". This money would then be used to "buy drinks and befriend villagers" in the affected community. Service money is unaccounted for - "no one asks" how it is spent. The function of his missions was to "gather intelligence" and "divide the community" around claims for compensation. After determining different affected members of the community, they would "instigate conflict" - competing claims for money - between these different groups of people.⁴⁹ Police Constable #1 said "First we would instigate the conflict, then Shell would say because of that conflict there could be no resolution". This kind of mission was referred to as "special detail".⁵⁰ (See Community Manipulation and Division)

All of the former Shell Police talked about "Strike Force" details, in which armed Shell Police would be used to intimidate and harass protestors. If "the community embarks on peaceful protest, the Shell Police will first throw in teargas to disperse them, but if they persist, they

(Shell Police) will immediately fire gunshots at the protestors while a message is sent to Port Harcourt for more armed men".⁵¹ This activity is consistent with previously reported accounts of the arrest and torture of Ogoni detainees by Shell staff (see quote above and on page 22).

Attempted Coercion of Activists

At Shell's Annual General Meeting in 1996, it was announced that Shell would not return to Ogoni unless "invited". Numerous reports have emerged indicating that members of the Rivers State Internal Security Task Force have been forcing - often at gun point - citizens, chiefs, and prisoners to sign statements "inviting" Shell to return. One of these is reprinted in full on page 12 of this report.⁵² Observers maintain that the military is doing this at Shell's request.⁵³

Similar strongarm tactics have reportedly been used on citizens seeking compensation for oil spills. In "settlement" negotiations in 1996, Shell lawyers presented their "offer" to villagers while armed troops stood by - intimidating the villagers into accepting Shell's offer.⁵⁴

Shell denies any connection to these incidents. It seems implausible that the company is unaware of them and unable to do anything about them.

Shell does admit to meetings in 1995 with Dr. Owens Wiwa, while his brother, Ken Saro-Wiwa, was in detention. Brian Anderson of Shell Nigeria indicated that he could free Wiwa's brother. He said that it "would be difficult, but not impossible". Anderson asked Dr. Wiwa to have his brother call off the international protest and issue a press release on MOSOP letterhead saying there was no environmental damage in Ogoni. Dr. Wiwa said they could not do that. Shell disputes Dr. Wiwa's account of the meetings, but gives no plausible alternate explanation for the reason for the meetings.

LETTER FROM THOSE OF US WHO SUFFER FROM SHELL TO
THOSE WHO BENEFIT FROM SHELL

Dear Sir,

We the undersigned, on behalf of ourselves and others detained with us, are constrained to write to complain to you about the inhuman treatment always metted on us which was climaxed April xx, 1997, at about 3:45 pm. On the said date (April xx, 1997), we were forced by soldiers of the Rivers State Internal Security Task Force stationed at xxxxxxxx here, to transcopy an already drafted undertaken [oath] into 2 exercise books each, in our own handwriting and signed at gunpoint. The draft stated that we will never again obstruct Shell's activities in Ogoni. And that we are ready to accept Shell back to the area and that we will not do anything again to prevent or obstruct the company's operations. And because we had no alternative we obeyed them but against our wish. In fact, when we tried to ask questions, the soldiers reacted with torture. We were so gun butted, horse-whipped, hung, asked to lie facing the scorching afternoon sun and thereafter locked us up in the cell heavily tear-gased, which caused the fainting of some of us. The sickness that resulted did not receive any medical treatment.

We therefore appeal to your good conscience to prevail on Shell to stop all these barbaric actions against the Ogoni people. The ideal approach should be to meet the demands of the Ogoni people. We advise your stopping every business transactions with Shell as your continuous dealing with Shell will suggest a tacit sanctioning of Shell's actions in Ogoni. As it seems, only an isolation of the company can make it change. We are:

[Names Withheld For Protection]

For and on behalf of ourselves and other Ogoni detainees, Rivers State, Nigeria.

**excerpts from
PRONOUNCEMENT TO CONGRESS, REPUBLIC OF PERU
FROM INDIGENOUS PEOPLES AFFECTED BY OIL AND GAS ACTIVITIES**

Considering:

-That our common experience permits us to generalize that the oil companies have operated in indigenous territories without respect for the dignity, life and rights of indigenous peoples and communities.

-That petroleum activities in indigenous territories and communities has been imposed over any type of humanitarian consideration, arriving at the point of giving out concessions in settlement areas of extremely vulnerable peoples, such as our brothers Yora (Nahua), Kugapakori, Amahuaca, Mashco-Piro, and Cashibo, those uncontacted or voluntarily isolated.

-That the current practices of contact between oil companies and indigenous peoples has been put in the hands of unscrupulous persons called "community liaison officers" who create a breaking of our social and cultural integrity, as well as the will and liberty of each people affected.

Observing that:

-Neither the companies nor the State are taking into account the that human dignity comes before any other interest.

Affirming that:

-The particular unprotected situation of Peruvian indigenous peoples in respect the oil and gas activities make said activities one of the greatest threats to the survival of the major part of our people.

For these reasons we ask Congress to:

- Assure the identification and exclusion of areas of habitation by uncontacted or voluntarily isolated indigenous peoples from the work areas of Mobil in Madre de Dios, Pluspetrol and Maple Gas in Aguaytia and Shell in Camisea.

-Promote a process in coordination with representative indigenous organizations so that indigenous rights...are adequately recognized in terms of oil and gas development.

November 17, 1996

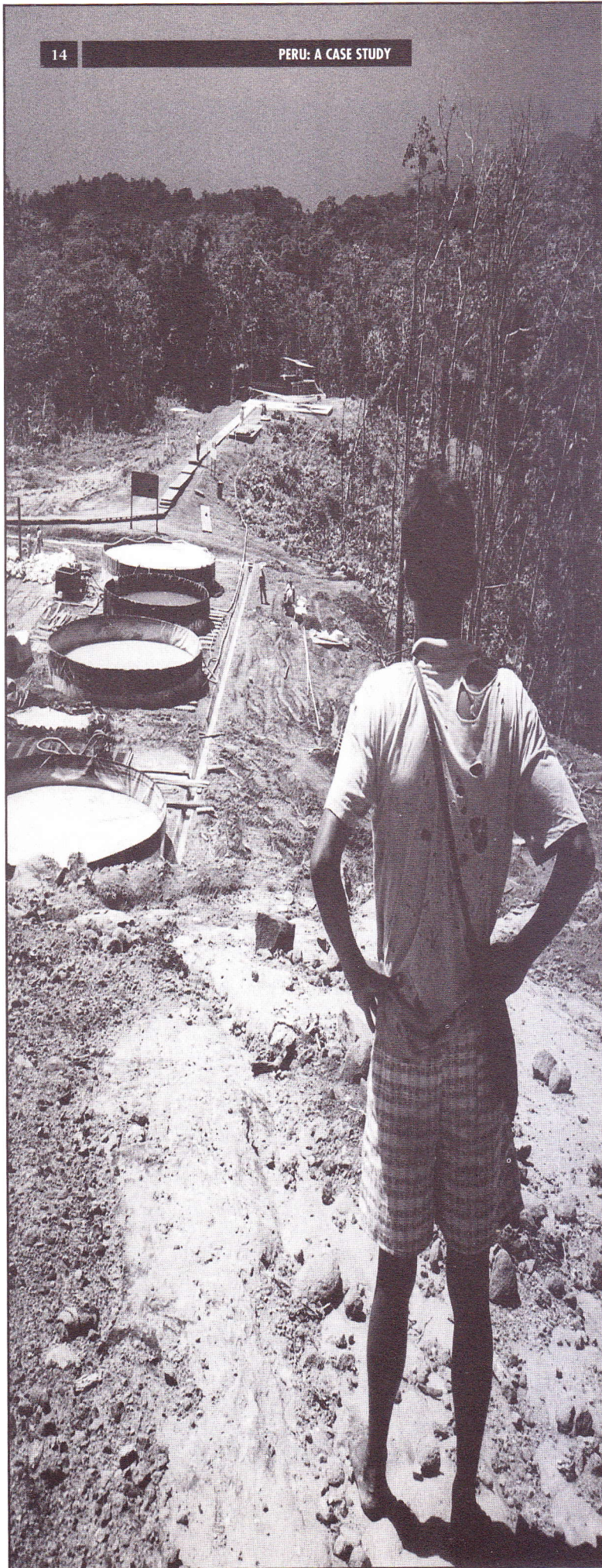
Submitted by 25 indigenous federations affected by oil and gas development to the Peruvian Congress (original in Spanish).

THE ROAD TO PERU

In May 1996, Shell Prospecting and Development (Peru) signed a forty-year licensing agreement with the government of Peru for the exploration and exploitation of Blocks 88A and 88B, located in the lower Urubamba River valley some 500 km east of Lima in the Amazon rainforest. This license provides Shell and its investment partner Mobil Oil with government approval to explore and develop the Cashiriari, San Martin and Mipaya hydrocarbon reserves, said to hold some 11 trillion cubic feet of gas and 600 million barrels of gas condensate, based on estimates from Shell's 1981-1987 oil exploration campaign in the region.¹ Earlier this year Shell also acquired government approval to operate the surrounding area, Block 75. Considered a world-class gas field, the investment costs of "Camisea Project" are expected to reach \$2.7 billion, making it the largest single foreign investment in Peruvian history. In February, Shell began drilling at Cashiriari 2, the first of three appraisal wells scheduled for this year and one of ten over the duration of the current exploration campaign.

All planned well-sites are located on indigenous peoples' legally recognized territories. At least six separate indigenous ethnicities including the Machiguenga, Piro, Amahuaca, Yaminahua, Nahua and Kugapakori make this region home. The most numerous of indigenous peoples in the area, the Machiguenga, can trace their roots in the Urubamba area back 5,000 years. With a population of 8,000 inside of Shell's concessions, these peoples maintain cultures which are highly dependent on the region's rainforest ecosystems.² Most of the indigenous peoples in the area live in small communities along streams and rivers, depending on agriculture, fishing and hunting for their livelihood.

Also living inside Shell's concessions are the Nahua and Kugapakori peoples, both of whom still live an isolated and nomadic lifestyle in the



forest. The next two wells Shell plans to drill, San Martin 3 and Cashiriari 3, are located inside the 5,000 square kilometer Kugapakori and Nahua's reserve, set aside by the Peruvian government specifically for the protection of these nomadic peoples.

These populations have already been devastated as a result of contact with outside populations. During the mid-80s when Shell conducted preliminary exploration of the region, frontier rainforest was opened to outsiders who exposed Nahua groups to disease. Tragically, an estimated thirty to fifty percent of the exposed population died. Most reports of the incident blame Shell for the epidemic. Shell maintains that loggers contacted the Nahua and that Shell is in no way responsible. The company has yet to produce independent reports to confirm this claim. More importantly, Shell has not learned from this tragedy. Instead, the company is moving forward with its plans to drill inside the indigenous reserve.

Shell states that its "approach to business in Peru today is based on openness, partnership and consultation," and it "acknowledges and respects the vital importance of preserving the integrity of such an environmentally sensitive area and of safeguarding the interests of local communities."³ To this end, Shell has established what it calls a "consultation process" for the Camisea project, targeting determined stakeholders including local communities, indigenous federations, national and international organizations and other institutions. Despite such progressive language, this massive industrial project is nonetheless being erected in a remote, pristine rainforest region inhabited by vulnerable indigenous populations. As such, it is one of the largest environmental and cultural threats facing the Peruvian Amazon today.

Environmental Impact

"We have come here to perform some activities only, that will not damage you nor the animals of the forest. This is why you hear these noises. We will perform our activities with care for the forest and rivers."

—Shell's prepared message to start a dialogue with isolated Nahua and Kugapakori peoples⁴

Although Shell carried out an environmental impact assessment and developed an environmental management plan (EMP) as stipulated under Peruvian law, the company has violated—already in under one year of operations—several components of the plan. Local communities have responded, denouncing unacceptable situations to Shell and their regional indigenous federations. In response, one such Machiguenga federation, COMARU, carried out inspec-

tions of the areas and compiled a report on its findings, including several points covered below. Several delegations from national and international environmental organizations have also visited Shell's operations and local communities in recent months, finding additional violations of Shell's EMP and stated company operating principles.

Dumping of contaminated waters into streams

In sharp contrast to assurances made to the local community and as stipulated in the EMP, Shell will soon begin dumping waters extracted from drilling muds at the Cashiriari 2 well-site into the nearby Humpuimiota stream, which flows into the Cashiriari River and then the Urubamba.⁵ Dozens of indigenous communities live along these rivers. This water passes through a treatment process, but according to the well-site manager, "it is not clean and should not be drunk."⁶ Drilling waters typically contain metals and hydrocarbons, yet Shell has not implemented a monitoring system to gauge the effects of releasing these waters into the region's waterways on fish populations, other aquatic species or human communities. Well-site staff confirm that Shell will likely dump drilling waters into nearby streams at future drill sites as well.⁷

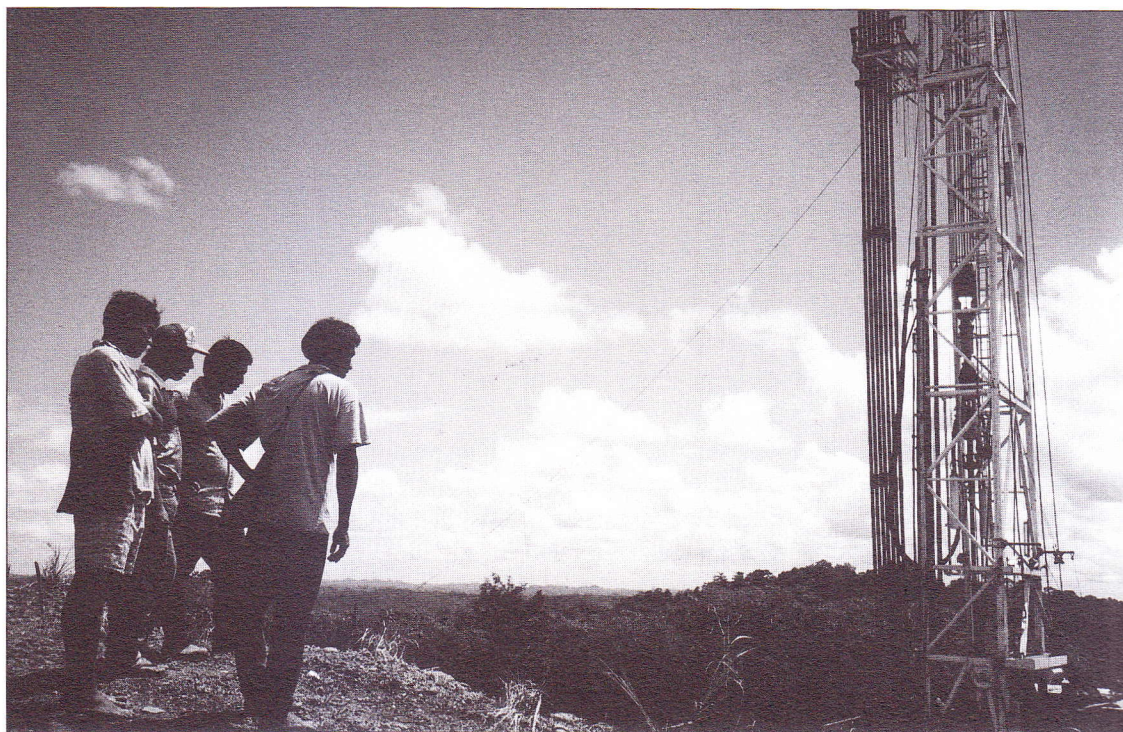
On-going fuel spillage

Shell reports on-going fuel spillage at its logistics operation center, Nuevo Mundo, often as frequently as once a day. Inside sources also report that at least five of these spills (5 to 50 gallons each) reached the Urubamba River during the month of February 1997 alone.

Storage of toxic cuttings on Machiguenga lands and in the Nomadic Reserve

Shell is placing contaminated well cuttings (rock and soils extracted during drilling) in plastic bags and then burying them in a plastic lined pit at each well-site. Every well drilled produces 300 square meters of cuttings, which means that during the first two years of operation alone, Shell will be land-filling some 3,000 square meters of toxic drilling wastes on indigenous territory.⁸ This material typically contains substances including volatile organic compounds, polycyclic aromatic hydrocarbons (the most carcinogenic of oil and gas substances) arsenic, barium, lead, corrosive ions and naturally occurring radioactive materials.⁹ Although treated, these cuttings are "too toxic to just bury. If left they could leach into the ground water," according to Cashiriari 2 well-site manager.¹⁰ However, there are no long-term assurances that the plastic will permanently keep the toxic substances contained, nor have the environmental disadvantages of creating a landfill with significant quantities of plastic and toxic substances in the

Local "Watchdog Brigade" overlooks Shell's drilling operation on their community's land. This was the first time Shell allowed all of them access to the site since drilling began two months earlier. (April 1997)



middle of a pristine rainforest been addressed by Shell, which considers the forest storage site to have "no environmental consequences."¹¹

Deforestation of additional acreage

Shell has cut more forest at the Cashiriari 2 well-site than established in the EMP and as agreed upon with the local community.¹² Estimates of excessive deforestation range from 50 to 200 percent.¹³

Dumping garbage into nearby ravines

Shell has dumped inorganic garbage into at least two ravines near the Cashiriari well-site. Dumped materials include PVC tubes, empty oil barrels and broken glass.¹⁴ Despite community denouncement of the dumpings in February, additional debris had accumulated by April.¹⁵

Exploitation phase:

Deforestation resulting from roads

Shell's earlier commitment to build no roads during exploration means nothing if the same commitment is not made for the life of the project. While Shell has published public relations information suggesting that the company has taken a permanent no-road option, this in fact is not the case.¹⁶ Shell is leaving open the option to build roads into this remote region, despite repeated concern expressed from local populations and Peruvian and inter-

national organizations through dialogue with company, letters, and publications.

Roads into frontier rainforest regions are particularly devastating because they provide an access corridor for rapid and uncontrolled deforestation as migrants, loggers, ranchers and others move into new areas.¹⁷ In Nigeria, Shell's access roads to well-sites and along pipelines opened the way for extensive destruction of the Niger Delta's forests.¹⁸ Now widely recognized by the international scientific community as a top environmental concern of our time, deforestation results in loss of habitat for animals, species extinction, soil erosion and loss of fertility, climatic destabilization both locally and globally, and loss of important long-term uses of forest resources for human populations. Peru holds one of the last large areas of intact natural forests in the world. However, it also ranks among those nations whose forests are deteriorating most rapidly, and Shell's project is situated in an area typical of those deforested at an accelerated rate when roads are opened.¹⁹ Even given this likelihood that Shell's operations will make a sizable contribution to deforestation in the Amazon if road construction is permitted, the company is still considering it an option.

Loss of species from deforestation and pollution

In addition to deforestation, pollution from wells, pipelines and other transport threaten animal and plant life native to the region. Much of Peru's Amazon region falls within the Earth's "threatened hotspots," those areas

hosting great biodiversity and most at risk.²⁰ Recently, scientists recorded the world record for diversity of plant and animal species in the Manú National Park, some 100 kms from Shell's drilling sites.²¹

Current oil and gas operations in the Amazon basin have caused the pollution of the natural rainforest ecosystems, resulting in species die-offs and possibly extirpations (local extinctions). Spills have been recorded to spread hundreds of kilometers along rivers, affecting vast areas of rainforest and aquatic ecosystems. With Shell's well-sites and eventual pipeline system to be located at the headwaters of the Amazon basin, any waterborne spills (pipelines will have to cross or go under several rivers) threaten to pollute extensive areas downstream.

Human Rights

"We, the ones living in this camp, are friendly people, not enemies or cannibals. We are not thinking of living in this land. We know this land belongs to you."

—Shell's prepared message to start a dialogue with isolated Nahua and Kugapakori peoples²²

Right to Traditional Territories

Local indigenous populations face a serious threat to their territorial rights with Shell's entrance into the area, particularly since just a few years from now the company may build roads in the now roadless Camisea region. Throughout the Amazon basin, road building has resulted not only in

INDIGENOUS RIGHTS PROTECTED UNDER LAW IN PERU (partial listing)

PERUVIAN CONSTITUTION, 1993:

Article 89

Rural and native communities are legally recognized. They are autonomous in their organization, communal work, in the use and free disposition of their lands, economically and administratively within the parameters established by law. The property of their land is imprescriptible [without condition or limit].... The State respects the cultural identity of rural and native communities.

Excerpts from the "Convention Concerning Indigenous and Tribal Peoples in Independent Countries" International Labor Organization No. 169, entered into force Sept. 5, 1991. (Adopted by Peru):

Article 7

1. The peoples concerned shall have the right to decide their own priorities for the process of development as it affects their lives, beliefs, institutions and spiritual well-being and the lands they occupy or otherwise use.... They shall participate in the formulation, implementation and evaluation of plans and programmes for national and regional development which may affect them directly.
4. Governments shall take measures, in co-operation with the peoples concerned, to protect and preserve the environment of the territories they inhabit.

Article 14

1. The rights of ownership and possession of the peoples concerned over the lands which they traditionally occupy shall be recognised.... Particular attention shall be paid to the situation of nomadic peoples and shifting cultivators in this respect.

Article 15

1. The rights of the peoples concerned to the natural resources pertaining to their lands shall be especially safeguarded. These rights include the right of these peoples to participate in the use, management and conservation of these resources.
2. In cases in which the State retains the ownership of mineral or sub-surface resources or rights to other resources pertaining to lands, governments shall establish or maintain procedures through which they shall consult these peoples...before undertaking or permitting any programmes for the exploration or exploitation of such resources pertaining to their lands. The peoples concerned shall wherever possible participate in the benefits of such activities, and shall receive fair compensation for any damages which they may sustain as a result of such activities.

deforestation, but the territorial loss or displacement of local indigenous populations. As new, outside populations—often with competing economic interests—move into rainforest areas recently opened by roads, indigenous populations have consistently lost territory and access to important natural resources to new settlers, loggers, miners, and oil companies. Territorial integrity and control are necessary for the cultural reproduction and ultimately the survival of Amazonian indigenous populations whose way of life and well-being are closely tied to a thriving rainforest. This is especially true for the nomadic Nahua and Kugapakori, who will be at particular risk from incursions into their reserve, resulting from new roads or other access (see following section).

A few oil companies, in places such as Ecuador and Gabon, have tried to control colonization along their roads, but there is no current, independent assessment of claimed success. Perhaps the best publicized effort at colonization control is Maxus Energy's project in Ecuador. However, even in this case, the local indigenous organization reports settlements, both indigenous and colonist, along the Maxus road.²³ In addition, scientists visiting the Maxus operation find the prospects for long-term control discouraging, particularly when the company eventually pulls out of the region.²⁴ Given this extreme difficulty in controlling road access, Shell's only option which will provide safeguards for the indigenous territories is to not build roads at any point during the project.

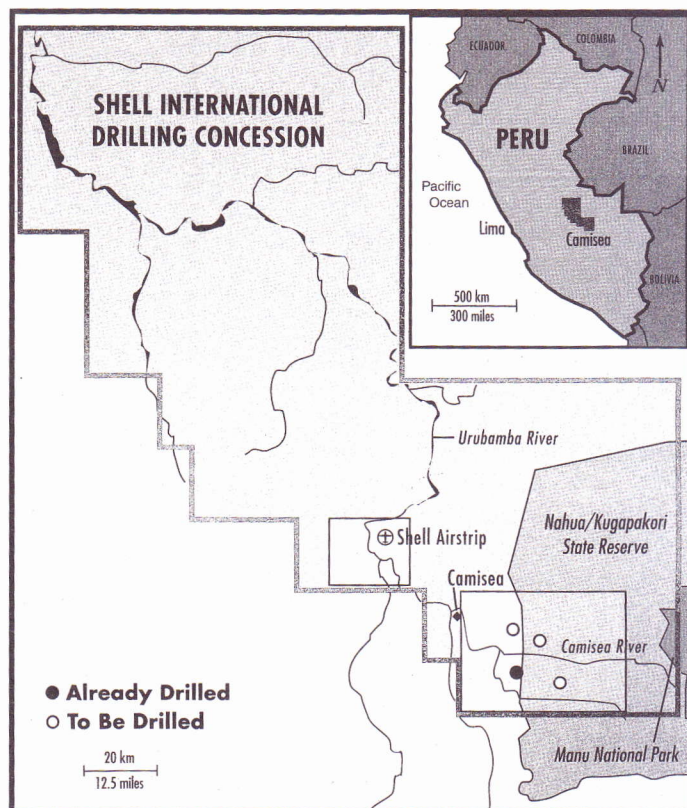
Right to Self-determination:

Despite Shell's promises to respect the rights of local indigenous peoples, the company's operations threaten to extinguish two of the world's last isolated, nomadic indigenous peoples, the Nahua and Kugapakori. Shell plans to drill its next two wells inside a 5,000 square-kilometer reserve set aside for the protection of an estimated 1,000 to 1,500 Nahua and Kugapakori.²⁵ In recent years, these populations have suffered tragically as a result of contact with outside populations. During the mid-80s when Shell conducted preliminary exploration of the region, violent clashes took place between Shell crews and the Nahua people. Frontier rainforest was opened, and outsiders entered the area, exposing Nahua groups to a whooping cough and influenza. Because isolated populations like the Nahua have no anti-bodies against outside disease and illness, an epidemic broke out, killing an estimated 30 to 50 percent of the exposed population. Some surviving members of the Nahua clan settled in the village Serjali on the Mishagua River, and others are believed to have fled deeper into the forest to avoid further contact.²⁶ Shell denies any responsibility for the tragedy, but has yet to produce independent reports to back up its position.

Anthropologists familiar with the region and its people express extreme concern about oil companies moving into remote regions and contacting nomadic peoples as a result. One researcher for the Manú National Park Anthropological Program writes,

*"It is difficult to imagine a contact scene with a mortality of less than 25 percent of the affected indigenous population, taking into account the difficult access to these areas, the lack of understanding of western medicine among the contacted groups, and the tendency of the sick to flee the area and visit relatives in search of help, taking the disease along with them. Even without direct contact, these indigenous people can become ill. The Yora (Nahua) of Mishagua have told me that their first experience with the flu began when they took t-shirts and other clothing from a camp of white people, and in this way became infected."*²⁷

Shell remains determined to operate inside of the reserve, even at the cost of another wave of epidemics among vulnerable populations, already pushed to the edge of survival. The company acknowledges the possible consequences of its planned drilling operations, stating in information prepared for its field staff that "due to their geographic isolation [the Nahua and Kugapakori] have no antibodies against common western diseases like



flu, whooping cough and small pox/chicken pox." For this reason, Shell rates each 'uncontacted' clan of nomadic peoples thought to live within the immediate area as very highly vulnerable.²⁸ Despite this, however, Shell's official health study carried out as the baseline for countering increased health threats to the region's population does not address risks to the nomadic Nahua and Kugapakori populations.²⁹ In addition, while Shell has made efforts to vaccinate local Machiguenga and Piro communities against prevalent diseases and requires Shell staff, contractors and outside visitors to receive vaccinations, nomadic populations still face significant risks as, in the words of Shell, "a common flu could easily turn into pneumonia and become fatal."³⁰

Even in recognition of these mortal threats to the Nahua and Kugapakori and in the face of opposition from Peruvian indigenous organizations, national and international human rights and environmental organizations, Shell is currently clearing rainforest inside of the Nahua and Kugapakori Reserve in preparation for drilling.

Right to Health and Environment

Shell's exploratory and exploitation activities present several threats to the local population's health and environment. Among the greatest risks for local communities is water pollution from Shell's operations. Currently, the region's rivers and streams are free of petroleum hydrocarbons and trace metals, and the ground water is also



© P. Chatterjee, 1997

Machiguenga children on the Camisea River, downstream from Shell's first well.

believed to be uncontaminated, indicating a "pristine aquatic environment."³¹ However, with planned dumping of waters from the drilling sites, the on-going fuel spills occurring at Shell's supply base, and the eventual pipeline network to carry gas condensate throughout the region, local waterways will be contaminated. Leaks and spills from the pipelines carrying condensate, a contaminant much like oil, pose significant threats to the native indigenous peoples exposed to or who ingest contaminated water.

The river is the most important source of water for the local indigenous peoples, and according to Shell's baseline health study, the communities "anticipate that when Shell starts its activities, the water will become heavily polluted and that they can no longer drink this water."³² Locals explain that this concern stems from experiences in the 1980s when Shell dumped chemical, physical and human waste in the rivers.³³ While Shell has committed to building water wells for local communities, streams and rivers also serve for bathing, fishing and recreation. Within this context, Shell has not fully addressed the human health threat of water contamination, such as the heavy metal accumulation in fish seen in similar hydrocarbon operations. Both the Machiguenga and other local peoples depend on fish as a primary source of protein. For its part, Shell brings in food and drinking water from the outside the area.

Indigenous communities along the Urubamba also fear other increased health threats with Shell's presence in the region. Locals are afraid that Shell pipelines will cause dangerous accidents and that drilling wells will cause illnesses. Community members remember that "people turned black and died" in the villages of Cashiriari and Segakiato near the drill sites during 1981-88. The deaths reportedly stopped when the drilling ended.³⁴ In order to avoid a repeat of such experiences and defend their rights, Machiguenga communities have formed "watchdog brigades" to monitor Shell's activities.

SHELL'S EVOLVING POSITION ON NOMADIC PEOPLES:

Head Anthropologist for Shell-Peru September, 1996:

*"The Cashiriari 3 and San Martin 3 (wells) are the two most exposed locations for uncontacted Kugapakori and Nahua...we know that in the past, Nahua and Kugapakori have been involved in feuds that took place indistinctly in both territories."*³⁷

Head Anthropologist for Shell-Peru November, 1996:

*"There is virtually no chance that the Nahua or Kugapakori will travel to the Cashiriari 3 and San Martin 3 well-sites, even if Shell's operations go for the full forty years."*³⁸

Manager of Health, Safety and Environment Shell-Peru, April, 1997:

*"Our head anthropologist now believes there are no longer nomadic peoples living in the area Shell will be operating or the reserve for the Nahua and Kugapakori."*³⁹

Right to Information

Perhaps the indigenous community most affected by Shell's drilling operations to date is Cashiriari, on whose land the company is drilling its first well. As a test run for Shell's policy of openness and transparency in the Camisea region, the Cashiriari experience is off to a bad start. Shell misinformed the community of Cashiriari on critical questions of contaminated water and drill cuttings disposal on their territory. Shell assured the community that no waters from the operation at the Cashiriari 2 well-site would be released into the nearby streams which are upriver from their village. Upon visiting the well-site in April, however, community members learned that Shell was about to begin water releases. In addition, Shell told the community that the drilling cuttings being buried in plastic bags on community land were non-toxic. It was not until a well-site visit that community members learned that the cuttings were being placed in plastic linings specifically because of their toxic contents, in contrast to what Shell had led them to believe.

Beyond misrepresenting to the people of Cashiriari the specific risks involved with its operations, Shell has also failed to provide the local communities with more general yet critical information on oil and gas operations, particularly about the negative effects projects have on Amazonian indigenous populations. Communities inside of Shell's concession have received virtually no information on damaging aspects of oil and gas projects such as water contamination, deforestation, and loss of territorial control. This information is especially imperative, given that there are no developed hydrocarbon projects in the Camisea region for the communities to visit. Shell's failure to provide the local indigenous populations with this information runs contrary to its promised approach of "openness" for the Camisea Project.

Right to Consultation

Both in Peru and internationally, Shell has widely publicized that its strategy of relations with local indigenous communities in the Camisea region is based on "consultation." However, the very terms, scope and implications of this process have never been explained to the local communities with whom Shell is "consulting." A telling example is that Shell, by its own admission, has never communicated to the local communities the company's policy not to drill on lands where it is not wanted. This means that the local people do not know that Shell will respect their right to refuse the company's presence.³⁵ Shell failed to inform the communities that the "consultation" includes the option to reject the company's construction of this 40-year, industrial mega-project on their traditional homeland. This fundamental contradiction in Shell's concept of consultation calls into question not only the meaningfulness of the process for the communities, but the company's underlying motive for engaging in it.

Shell has also failed to adhere to the terms of full community consultation as stipulated in the EMP. For example, in spite of stated policy to "establish and clearly document agreements of land use with the local communities and ask access permission before visiting the drill site," Shell began working on the village of Cashiriari's territory in September 1996, before receiving community permission or signing an agreement. Shell's EMP also promises to "establish a local community work policy in consultation with the community leaders...before contracting workers from the area." However, Shell contracted members of the community before consulting with town leaders or establishing a clear policy on the subject.³⁶ Cashiriari community leaders denounced this situation and sent a letter to Shell's office in Lima, demanding real consultation.

KEY SHELL PROMISES ON THE CAMISEA PROJECT, PERU

SHELL PROMISE

Respect for local indigenous peoples' rights

Consultation

Highest environmental standards

Not building roads

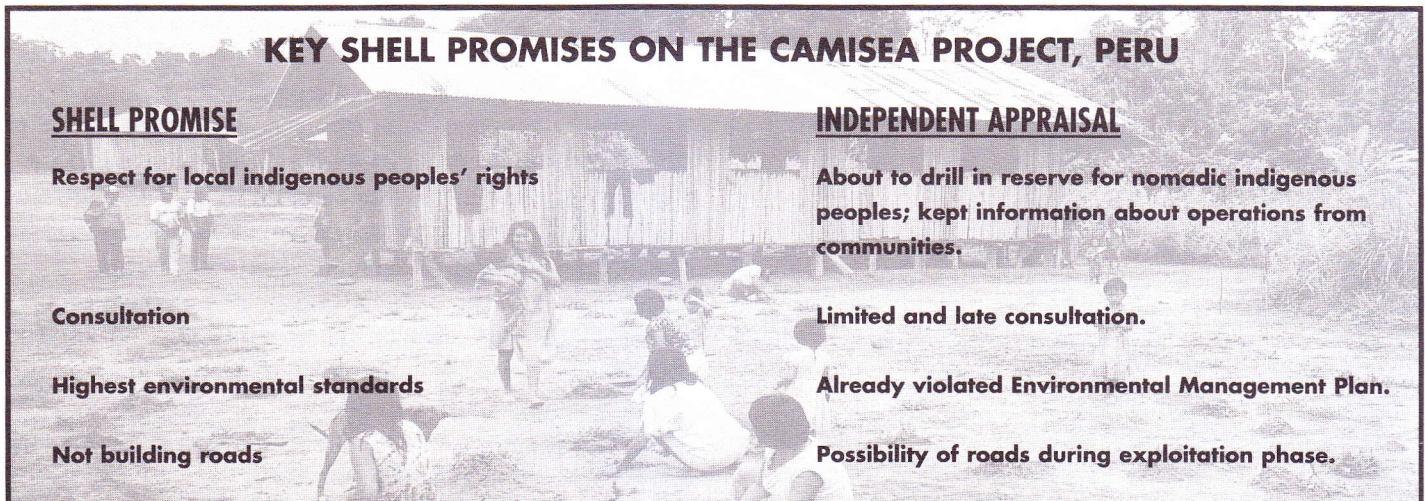
INDEPENDENT APPRAISAL

About to drill in reserve for nomadic indigenous peoples; kept information about operations from communities.

Limited and late consultation.

Already violated Environmental Management Plan.

Possibility of roads during exploitation phase.





Shell's airstrip, built on Machiguenga land

In response, Shell signed an agreement with the community. The agreement includes infrastructure additions for the community as compensation for use of communal territory, but fails to guarantee any compensation in case of accident, pollution of rivers, additional forest destruction or other environmental impacts.

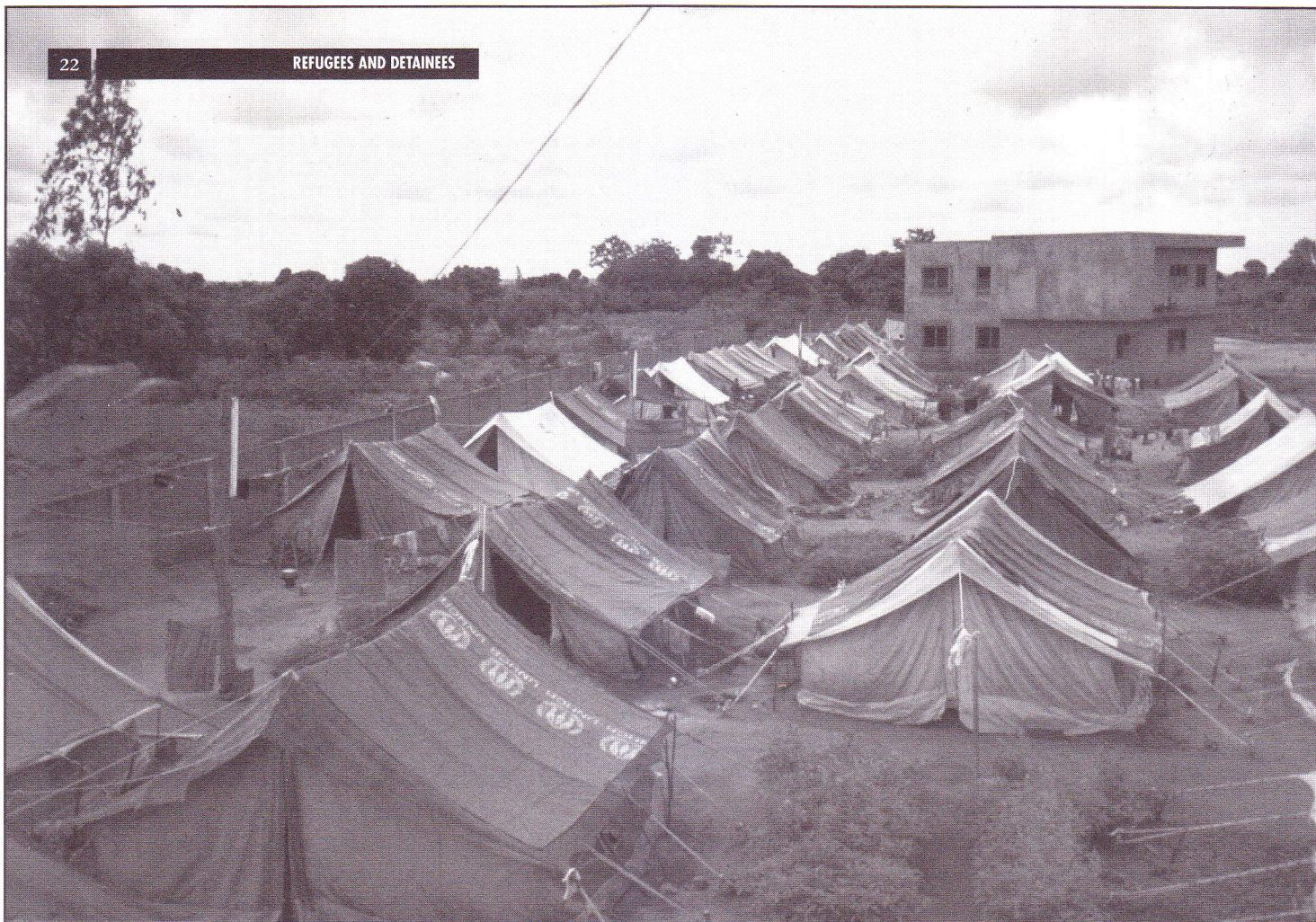
Equally concerning is the community's account of how they signed the agreement. Shell executives arrived by helicopter in the village of Cashiriari in December 1996 to attend a community meeting. Shell presented the community with an already drafted agreement developed with no local input. After reading the agreement aloud, Shell manager Tom Kelly announced that this was Shell's one and only offer to the community, and that they must sign that same day. Some community members asked for time to review the agreement and discuss it internally, but Shell rejected these requests. Cashiriari's president, who signed the document, speaks only limited Spanish and was unable to read the agreement. In Lima and internationally, Shell offers this document as testament to its role as an industry leader in community consultation and relations.

Shell's International Consultation: In Search of Green Legitimacy

Shell has gone to great lengths to assure the international environmental and human rights community, the

media and its shareholders that the Camisea Project is a cutting-edge, environmentally and socially sound operation. In addition to sending out periodic briefing papers on the project's advance and achievements, Shell employs a full-time staff member whose job is to meet with organizations around the world, offer information, convince them that Shell is doing the right thing in Peru, and if possible, gain their support. This efforts at providing the public with information on its activities in Peru is a step in the right direction, particularly in contrast to operating procedures for Shell's offices in Nigeria. However, as this report has shown, packaging the Camisea project as being low-impact, embraced by the locals, and benign to the rainforest is deceptive.

In response to Shell's international "consultation" many organizations are looking closely at the Camisea project, some evaluating the possibility of supporting Shell in what could appear as a departure from its dismal track record in Nigeria. However, in considering a position on this project, the basic question is not whether it is an improvement over Nigeria, or even other projects in the Amazon basin. Rather, consideration must center on whether a 40-year, mega-hydrocarbon project in a pristine rainforest area inhabited by nomadic and other indigenous peoples truly falls within a model of society that one envisions for a sustainable future.



OGONI REFUGEES

"We have been here, some of us, for more than a year. What can we do? We wait and hope that someone will accept us into their country - that someone wants us. That someone is willing to accept Shell's refugees"

—Ogoni man, UNHCR refugee camp, Benin Republic, April 1997

There are currently over 1,000 people at the de Come' refugee camp in Benin. They are refugees from the ongoing crisis in Ogoni. Repression at home, constant military harassment and surveillance, repeated incidents of detention and subsequent torture have forced these Ogoni into exile.

The United Nations High Commission for Refugees (UNHCR) determines whether or not these people are eligible for refugee status, and for resettlement. Hundreds of Ogoni have already been resettled abroad, particularly in the United States. Many more wait in the squalid, depressing conditions of the camp. Both drugs and food are in short supply. During the rainy season, the tents pictured above often collapse and "always leak".

DETAINEES & THE OGONI 20

At least 53 Ogoni, and dozens of individuals from other ethnic groups, whose only crimes are demanding their social and environmental rights are currently being held in prisons, detention camps, and jail cells throughout the Niger Delta.

The most famous group are the "Ogoni 19", who are currently in Port Harcourt prison. They are currently twenty, as the Nigerian military has recently added another individual, seemingly arbitrarily, to their ranks. They have been held since May of 1994, allegedly for complicity in the same "crimes" for which Saro-Wiwa and his eight colleagues were executed. The Ogoni 20 are innocent men.

Conditions in the prison are reportedly barbaric. Torture, denial of medical care, starvation and poor sanitary conditions are all listed as complaints. Most of the 20 are now in very poor health.

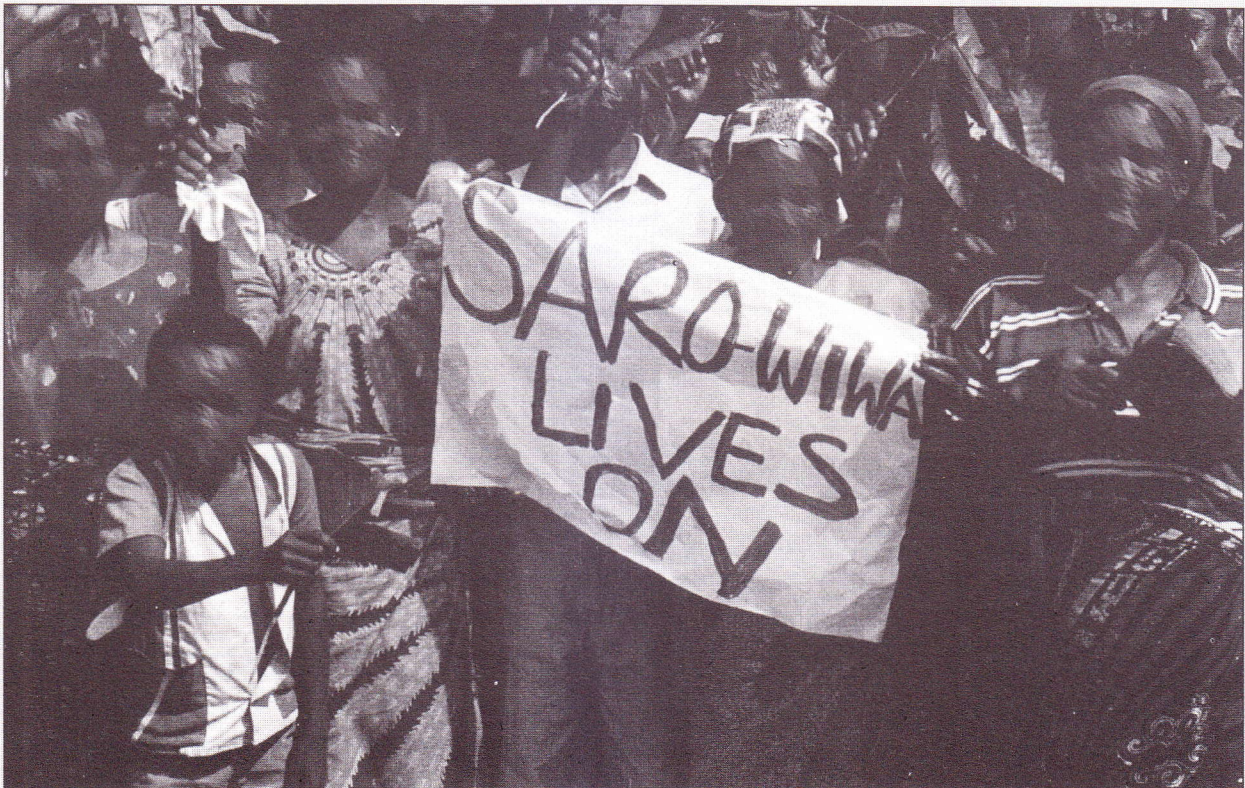
Two of them have signed statements detailing their arrest, detention, and torture by Shell Police.

The original 19 are pictured on the back of this report. Using its influence in Nigeria to gain freedom for these and other innocent men is the single most concrete gesture of good faith and intentions that Shell could make in the short term.

KEY MOSOP DEMANDS OF SHELL

- Actively seek the release of the Ogoni 19 and other Ogoni detainees.
- Cease efforts to resume operations in Ogoni, until and unless Ogoni is demilitarized and freedom of assembly is allowed.
- Funding and completion of an independent environmental assessment and audit which shall be used as the basis for an environmental restoration (not the Niger Delta Environmental Survey - which is controlled by Shell and has no community representation).
- Funding and conduct of a full and complete environmental restoration as determined necessary by the prior assessment and audit conducted
- Transparent and publicly accessible plans to operate to the highest international standards subject to the approval of the Ogoni people
- Release of all internal files pertaining to the relationship between Shell & the military including but not limited to: all documents pertaining to the "Shell" police, all documents pertaining to weapons or ammunition, and all documents relating to payments, gifts, or contracts to different individuals within Ogoni.
- Just and retrospective compensation for all victims of environmental and human rights abuses.

FULL DEMANDS ARE LAID OUT IN THE OGONI BILL OF RIGHTS



NIGERIA REPORT

- 1 Project Underground interview, April 15, 1997
- 2 Environmental Rights Action, "Shell in Nigeria" Public Relations and Broken Promises, March 1997, Jedrej George Frynas,
- 3 Quoted in "Ogoni: Trials and Travails", Civil Liberties Organization, Lagos, Nigeria, 1996
- 4 World Bank, "Defining an Environmental Development Strategy for the Niger Delta" 1995, Volume 1, p.69
- 5 World Bank, op.cit. Volume 1, p. 88
- 6 World Council of Churches, "Ogoni: the struggle continues", Geneva Switzerland, 1996, p.9
- 7 Shell Nigeria World Wide Web Page "Issues - The Ogoni Issue" April 29, 1997, page 7
- 8 Web page "About Shell in Nigeria - A Better Environment", April 29, 1997, page 1
- 9 Ibid.
- 10 Ibid.
- 11 Project Underground samples April 17, 1997 - Total Petroleum Hydrocarbon (TPH) analysis performed by Citizens Environmental Laboratory (CEL), Cambridge MA, USA
- 12 EC Directive 75/440/EEC sets a mandatory limit of dissolved hydrocarbons in waters extracted for potable purposes and only receiving simple treatment as 0.05mg/l.
- 13 Project Underground samples April 15, 1997 - TPH analysis by CEL.
- 14 Greenpeace Oil Briefing #7 "Human Health Impacts of Oil", Greenpeace UK, January 1993
- 15 Predicted effects taken from Train, R.E. (1979), Quality Criteria for Water, Castlehouse Publications, UK - as quoted from correspondence from Dr. Paul Johnston to Steve Kretzmann, January 29, 1996
- 16 Advertising Standards Authority Monthly #62, 10th July 1996
- 17 Web Page "A Better Environment", op.cit.
- 18 New York Times, December 21, 1993, p. C4
- 19 World Bank, op.cit., p. 36
- 20 European Community Study "Mangroves of Africa and Madagascar" quoted in Claude Ake, "Shelling Nigeria", 15th January 1996
- 21 Letter from prisoners #3
- 22 quoted in Bread for the World, "Shell in Nigeria", Lagos/Cologne, August 1996
- 23 Project Underground interview, Bori, Nigeria April 17th, 1997
- 24 Project Underground Interview, April 15th, 1997
- 25 Bread for The World, op. cit. p.43
- 26 Information on NARECOM and Akinyele gathered from Nigerian dailies: The Week, 21/4/97, Guardian 10/4/97, National Concord 8/4/97, and various interviews in Port Harcourt April 14th-18th, 1997
- 27 personal communication, Ledum Mitee to Steve Kretzmann, May 1, 1997
- 28 Claude Ake, press statement, "Shelling Nigeria", Lagos, 15th January 1996
- 29 Eric Nickson, Head, Media Relations, Shell International, 6/11/96, Letter to Paul Brown and Andy Rowell
- 30 Shell statement to the Guardian, 14/1/95 Please note that there are at least 11 instances of Shell's denials of connections to the military on record.
- 31 Shell statement to the Independent on Sunday, 17/12/95
- 32 Eric Nickson, op.cit
- 33 N.A. Achebe, Letters to the Editor, The Listener, New Zealand 21/12/96
- 34 All memos in circulation and available from Project Underground. July 1995 statement from World Council of Churches op. cit.
- 35 Michael Birnbaum, Q.C. "Nigeria: Fundamental Rights Denied", Article 19, Appendix 10
- 36 Ake, op. cit
- 37 Cameroon Duodo and Polly Ghazi, The Observer, 11/2/96 "How Shell Tried to buy Berettas for Nigerians"
- 38 Nickson, op.cit
- 39 Project Underground Interviews #1,2,3,4 April 12th, 1997
- 40 Nickson, op.cit.
- 41 Project Underground Interviews #1,2,3,4 April 12th, 1997
- 42 Complaint to the Broadcasting Complaints Commission from Shell International Ltd. - Reply of 10 June 1996 of Shell International Ltd. to the Undated Response of Channel Four Television Sent to the BCC on 12 April 1996
- 43 Ibid.
- 44 Nickson op.cit.
- 45 Letter sent through Body Shop from the Ogoni 19, 21st September 1996
- 46 Nickson, op.cit
- 47 Project Underground Interviews #1-4, April 12, 1997 and letter from Police Constable #3, April 18th, 1997
- 48 Ibid.
- 49 Project Underground Interview #2, April 12, 1997
- 50 Project Underground Interview #1, April 12, 1997
- 51 Project Underground Interview #2, April 12, 1997
- 52 Various interviews in Port Harcourt, April 14th, 15th, and 17th.
- 53 Project Underground Interview, April 15, 1997
- 54 Lucius E. Nwosu & Partners, letter to the Legal Advisor, Shell Petroleum Development Company, 27/2/96 "Attempted Subversion of Due Process: Protest Note"

PERU REPORT

- 1 "Shell, Mobil ready to sign Peru gas deal," Oil & Gas Journal, May 20, 1996, p. 38.; Shell Prospecting and Development (Peru) B.V., The Camisea Gas Project, pamphlet, 1996.
- 2 Royal Tropical Institute, A Health Baseline Study in the Camisea Area, Lower Urubamba, for Shell Prospecting and Development (Peru) B.V., Amsterdam, November 1996, p. 6.
- 3 Shell Prospecting and Development (Peru) B.V., The Camisea Project, pamphlet, 1996.
- 4 Shell Prospecting and Development (Peru), Pre Trip Preparation and Response Plan in Case of Contact with Isolated Nahua, Kugapakori or Machiguenga Indigenous Populations, Lima, November 1996, p.17.
- 5 ERM Peru S.A., Camisea Exploratory Drilling Campaign Environmental Management Plan for Shell Prospecting and Development (Peru) B.V., Lima, July 1996, Table B2 points 6.4-6.6.
- 6 Rainforest Action Network interview with Cashiriari 2 well-site manager Steve Day, April 8, 1997.
- 7 Rainforest Action Network interview with Cashiriari 2 well-site manager Steve Day, April 8, 1997.
- 8 ERM Peru S.A. Camisea Exploratory Drilling Campaign Environmental Impact Study, for Shell Prospecting and Development (Peru) B.V., Lima, July 1996, p.3-33.
- 9 Shuey, Chris. "At War in the Oil Patch," The Workbook Fall 1990, Southwest Research and Information Center, p.97.; Speer, Lisa. Testimony of NRDC et al. Before the Subcommittee on Appropriations, U.S. House of Representatives, NRDC, March 19, 1988. p.3.
- 10 Rainforest Action Network interview with Cashiriari 2 well-site manager Steve Day, April 8, 1997.
- 11 Shell Prospecting and Development (Peru) B.V., The Camisea Project, Peru Briefing Paper 6, Operational, Social and Environmental Update, 1997.
- 12 Agreement Shell Prospecting and Development (Peru) B.V. and community of Cashiriari, signed December 19, 1996; Rainforest Action Network interviews with Shell-Peru H S & E Manager Murray Jones on April 3, 1997, with Nuevo Mundo Operations Manager on April 6, 1997; and with Watchdog Brigade of Cashiriari April 7, 1997.
- 13 Rainforest Action Network interview with Shell staff in Lima; Interview with COMARU leaders and CEDIA staff, April 5-8, 1997.
- 14 COMARU, Informe preliminar sobre la situaci—n socio-econ—mica y de las actividades hidrocarb—bur'feras en la zona del Bajo Urubamba, February 1997, Lima.
- 15 Observations during well-site visit with Cashiriari watchdog brigade, COMARU, AIDSESP, APRODEH and Rainforest Action Network, April 8, 1997.
- 16 SPDP, The Camisea Project, "Social Cultural and Environmental Setting," pamphlet, 1996.; informational meeting between Shell and Rainforest Action Network, April 1997.
- 17 George Ledec, Minimizing Environmental Problems from Petroleum Exploration and Development in Tropical Forest Areas, The World Bank, Washington D.C., 1990), p. 2.; Judith Kimerling, Amazon Crude, Natural Resource Defense Council, 1991, pp. 55-61.; Susanna Hecht and Alexander Cockburn, The Fate of the Forest: Developers, Destroyers and Defenders, Verso, 1989.
- 18 World Bank. Defining the Environmental Development Strategy for the Niger Delta, Volume I, 1995, p. 34.
- 19 World Resources Institute, The Last Frontier Forests: Ecosystems and Economies on the Edge, Washington D.C. 1997, p.7.
- 20 Amy Rosefeld, et. al. Reinventing the Well: Approaches to Minimizing the Environmental and Social Impacts of Oil Development in the Tropics, Washington D.C., Conservation International, 1997, 7.
- 21 Pratap Chatterjee, "New Machinery for Natural Gas Wells," (IPS, Jan. 30, 1997).
- 22 Shell Prospecting and Development (Peru), Pre Trip Preparation and Response Plan in Case of Contact with Isolated Nahua, Kugapakori or Machiguenga Indigenous Populations, Lima, November, 1996, p. 17.
- 23 Rainforest Action Network interview with the Organization of the Huaorani Nationality of the Ecuadorian Amazon, June 1996.
- 24 "The Amazon," New Scientist, September 21, 1996.
- 25 CEDIA, Report for the Legalization of the State Reserve for the Native Nomadic Kugapakori and Nahua Populations, Lima 1994.
- 26 Lily de la Torry, "The Peruvian Situation of Oil Activity in the Peruvian Amazonia," Indigenous Affairs, IWGIA, July-August, 1996; Glenn Sheppard Jr., Report on the Isolated Indigenous Group of Rio Piedras, (original in Spanish) for the Manu National Park Anthropological Program, October 1996.; Rainforest Action Network interviews with AIDSESP.
- 27 Glenn Sheppard Jr., Report on the Isolated Indigenous Group of Rio Piedras, (original in Spanish) for the Manu National Park Anthropological Program, October 1996.
- 28 Shell Prospecting and Development (Peru), Pre Trip Preparation and Response Plan in Case of Contact with Isolated Nahua, Kugapakori or Machiguenga Indigenous Populations, Lima, November 1996, p.6.
- 29 Royal Tropical Institute, A Health Baseline Study in the Camisea Area, Lower Urubamba, for Shell Prospecting and Development (Peru) B.V., Amsterdam, November 1996.
- 30 Shell Prospecting and Development (Peru), Pre Trip Preparation and Response Plan in Case of Contact with Isolated Nahua, Kugapakori or Machiguenga Indigenous Populations, Lima, November 1996, p. 4.
- 31 ERM, Peru S.A., Campa—a de Poroforaci—n Exploratoria de Camisea, Estudio de Impacto Ambiental, June, 1996, Lima, p. 5-38.
- 32 Royal Tropical Institute, p. 21.
- 33 Royal Tropical Institute., pp. 31-32.
- 34 Royal Tropical Institute, pp. 31-32.
- 35 Rainforest Action Network and Amazon Coalition informational meeting with Shell staff, Lima, November 1996; Rainforest Action Network informational meeting with Shell staff, Lima, April 3, 1997.
- 36 EMR Peru, S.A., Campa—a de Poroforaci—n Exploratoria de Camisea, Estudio de Impacto Ambiental, table B2, point 1.1 and table b-4, point 6.1.
- 37 Shell Prospecting and Development (Peru), Pre Trip Preparation and Response Plan in Case of Contact with Isolated Nahua, Kugapakori or Machiguenga Indigenous Populations, Lima, September, 1996 (draft).
- 38 Rainforest Action Network and Amazon Coalition informational meeting with Shell staff, Lima, November 1996.
- 39 Rainforest Action Network informational meeting with Shell staff, Lima, April 3, 1997.

For More Info Contact:

Rainforest Action Network

221 Pine Street, Suite 500
San Francisco, CA 94104
U.S.A.

email: rainforest@ran.org
url: <http://www.ran.org>

Project Underground

1847 Berkeley Way
Berkeley, CA 94703
U.S.A.

email: project_underground@moles.org
url: <http://www.moles.org>



Exposing corporate environmental and human rights abuses
Supporting communities threatened by the mining and oil industries



MEMBERS



Researched and written by
Stephen Kretzmann and Shannon Wright

All photos of Nigeria
© Project Underground, April 1997

All photos of Peru
© Rainforest Action Network, April 1997
except where otherwise noted.

Cover Photos:
Kolo Creek Gas Flare photo
© Project Underground, 1997

Machiguenga Girl photo
© P. Chatterjee, 1997



THE OGONI 19—STILL ON DEATH ROW FOR ORGANIZING AGAINST SHELL

